

## FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the July 2008 to the October 2008 *Idaho Economic Forecast*. The July 2008 *Idaho Economic Forecast* is based on Global Insight's July 2008 baseline forecast and the October 2008 *Idaho Economic Forecast* is driven by Global Insight's October 2008 baseline U.S. macroeconomic forecast.

Several key variables show how significantly the outlooks for the national and state economies have changed since the July 2008 *Idaho Economic Forecast* was published. The outlook for the national economy has turned south since the dog days of summer. In July 2008 it was forecast the economy would slip into a relatively mild, two-quarter recession beginning in the last quarter of this year. Specifically, real GDP was expected to retreat 1.7% in the fourth quarter of 2008 and 0.7% in the first quarter of 2009. On an annual basis, real output was forecast to rise 1.6% this year and 0.9% next year. In the current forecast, real GDP begins receding in the third quarter of 2008. Like its predecessor, real GDP's slide ends in the first quarter of next year. Another feature of the current forecast is the recovery from the recession is slower than in the previous forecast. As a result, real GDP averages just 1.8% annual growth over the next four years, which is well below the 2.4% pace of the previous projection. Other indicators also show how the national forecast has been downgraded. For example, nonfarm employment grows slower than in the previous forecast so that by 2011 there are 2.6 million fewer jobs in the current forecast. National nominal personal income is down \$451 billion by 2011 and real personal income is off \$269 billion in the same year. Two other items that are down from the previous forecast are inflation and interest rates.

Likewise, the outlook for Idaho's economy has also been scaled back since July 2008. This change can be seen in both the employment and personal income projections. Idaho nonfarm employment is forecast to increase an average of 0.5% per year to a total of 670,812 jobs in 2011. This is notably slower than the 1.3% average annual pace and 690,885 jobs reported in July 2008. The difference between these two forecasts can be divided between employment sectors, with about 4,700 fewer goods-producing jobs and 15,400 fewer nongoods-producing jobs. Idaho nominal personal income is slightly higher than its July 2008 counterpart in 2008, but this advantage rapidly disappears, so that it is \$1.2 billion lower by 2011. Lower inflation actually lifts real Idaho personal income above its predecessor both this year and next, but eventually lower growth overcomes lower prices and this measure is \$269 million lower in 2011 compared to the July 2008 forecast.

**IDAHO ECONOMIC FORECAST  
FORECASTS COMPARISON  
DIFFERENCES BETWEEN  
OCTOBER 2008 AND JULY 2008 FORECASTS**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>U.S. GDP (BILLIONS)</b>										
Current \$	0	0	0	-12	-16	-34	-7	-143	-460	-576
% Difference	0.0%	0.0%	0.0%	-0.1%	-0.1%	-0.2%	-0.1%	-1.0%	-2.9%	-3.5%
2000 Chain-Weighted	0	0	0	-14	-25	-43	-61	-143	-294	-341
% Difference	0.0%	0.0%	0.0%	-0.1%	-0.2%	-0.4%	-0.5%	-1.2%	-2.4%	-2.7%
<b>PERSONAL INCOME - CURR \$</b>										
Idaho (Millions)	0	0	0	498	589	578	291	-199	-1,009	-1,214
% Difference	0.0%	0.0%	0.0%	1.2%	1.3%	1.2%	0.6%	-0.4%	-1.9%	-2.1%
U.S. (Billions)	0	0	0	-31	10	-2	-41	-121	-332	-451
% Difference	0.0%	0.0%	0.0%	-0.3%	0.1%	0.0%	-0.3%	-1.0%	-2.5%	-3.2%
<b>PERSONAL INCOME - 2000 \$</b>										
Idaho (Millions)	0	0	0	448	513	469	386	673	-216	-611
% Difference	0.0%	0.0%	0.0%	1.2%	1.3%	1.2%	1.0%	1.7%	-0.5%	-1.4%
U.S. (Billions)	0	0	0	-28	9	-8	3	109	-118	-269
% Difference	0.0%	0.0%	0.0%	-0.3%	0.1%	-0.1%	0.0%	1.1%	-1.1%	-2.5%
<b>TOTAL NONFARM EMPLOYMENT</b>										
Idaho	-1	-1	-3	-7	-5	2	-3,456	-17,059	-20,571	-20,073
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.5%	-2.6%	-3.1%	-2.9%
U.S. (Thousands)	0	0	0	0	0	0	-230	-1,560	-2,388	-2,611
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-1.1%	-1.7%	-1.8%
<b>GOODS PRODUCING SECTOR</b>										
Idaho	-1	-2	-5	-8	-4	6	-814	-5,597	-6,655	-4,676
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.7%	-5.1%	-6.1%	-4.2%
U.S. (Thousands)	0	0	0	0	0	0	-10	-448	-680	-689
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-2.1%	-3.3%	-3.3%
<b>NONGOODS PRODUCING SECTOR</b>										
Idaho	0	1	2	0	0	-4	-2,641	-11,462	-13,916	-15,397
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.5%	-2.1%	-2.5%	-2.7%
U.S. (Thousands)	0	0	0	0	0	0	-220	-1,112	-1,708	-1,922
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-1.0%	-1.4%	-1.6%
<b>SELECTED INTEREST RATES</b>										
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-1.2%	-1.4%	-0.2%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-1.2%	-1.4%	-0.2%
Existing Home Mortgage Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.5%	0.0%
<b>INFLATION</b>										
GDP Price Deflator	0.000	0.000	0.000	0.035	0.109	0.151	0.606	0.312	-0.694	-1.062
Personal Cons Deflator	0.000	0.000	0.000	-0.006	0.000	0.068	-0.463	-2.561	-1.751	-0.972
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	0.000	-0.020	-0.064	-0.031	-0.005

**Forecast Begins the THIRD Quarter of 2008**